CEE Active Asset Management
Tel: (+361) 799 1060 Fax: (+361) 799 1069 Email: info@ceeaam.hu

Financial Statements

audited

CEE ACTIVE ASSET MANAGEMENT LTD.

31 December 2023.

CEE Active Asset Management
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Contents

ACTIVE ASSET MANAGEMENT

Business environment and activity

2023 was a challenging year marked by geopolitical events and volatile markets. Despite these challenges, CEE Active Asset Management Zrt. successfully navigated this difficult environment, as reflected in our balance sheet. We continued to execute our strategy and demonstrated our ability to achieve solid financial results even in challenging market conditions.

CEE Active Asset Management's active trading strategy proved effective in the highly volatile fixed income market, generating attractive returns for investors despite the changing interest rate environment. Revenue was significantly higher than in the previous fiscal year, despite the less favorable economic environment. Transaction fees accounted for a significant portion of revenue in 2023, as in previous years. Performance fees and management fees did not contribute to revenue due to unfavorable tax conditions.

The company's operating result for fiscal year 2023 was -2,413 thousand HUF, which was increased by 10,695 thousand HUF from the result of financial transactions. Thus, the pre-tax profit for fiscal year 2023 exceeded 9,029 thousand HUF. Small business tax payable for 2023 was 2,711 thousand HUF. The company's net profit for 2023 was 5,318 thousand HUF.

Global economy

The global economy faced numerous headwinds in 2023 that impeded growth, including escalating geopolitical tensions, natural disasters, and the rising trends of deglobalization and trade protectionism. According to the OECD's economic report, global gross domestic product (GDP) growth is expected to moderately improve from 3.1 percent in 2023 to 3.2 percent in 2024.

The Federal Reserve's aggressive interest rate hikes in 2023 sent shockwaves through the global banking sector, leading to the collapse of Silicon Valley Bank, Signature Bank, and First Republic Bank in the United States. Despite these challenges, the US economy demonstrated resilience, expanding by 2.5% in 2023 compared to 1.9% in 2022. Economic prospects improved in the latter half of the year, with the economy growing at 4.9% and 3.4% in the third and fourth quarters, respectively, compared to 2.2% and 2.1% in the first and second quarters.

This above-potential growth in 2023 was driven by persistent consumer spending. Consumer expenditures contributed 1.5% to annual growth, supported by a strong labor market and easing inflation. Inflation halved in 2023 compared to 2022 levels, with the annual rate moderating from 8% in 2022 to 4.1% in 2023. The Consumer Price Index (CPI) slowed to 3.4% in December 2023 from 6.5% in December 2022 but ticked up to 3.5% in March 2024 from 3.2% in February. Core CPI, excluding volatile energy and food categories, decelerated to 3.9% in December 2023 from 5.7% in December 2022 and further to 3.8% in March 2024, marking the lowest level since May 2021. However, March marked the third consecutive month that core CPI rose 0.4% on a monthly basis, dampening hopes for a June rate cut.

The labor market remained strong in 2023 but slowed compared to 2022. An average of 251,000 new jobs were created per month (compared to 377,000 in 2022), and 3 million new jobs were created on an annual basis (compared to 4.5 million in 2022). The unemployment rate stood at 3.7% at the end of December.
Despite acknowledging the strength of the US economy, the Federal Reserve (Fed) adopted a "wait-and-see" approach rather than immediately ending the monetary tightening cycle, which impacted the financing costs of emerging countries.

The Eurozone economy had a mixed start to 2024: the good news is that inflation has been falling faster than expected and the labor market remains surprisingly strong; the bad news is that household spending, a key factor in the 2024 outlook, is not yet showing signs of recovery, so the economic recovery is lagging.

Eurozone economic growth (GDP) slowed from an annual rate of 3.4% in 2022 to 0.4% in 2023. The slowdown was more pronounced in the second half of the year, when GDP fell slightly in the third quarter and stagnated in the fourth quarter. The weak performance was due to a number of factors. Consumer spending only grew modestly, as high inflation and high interest rates discouraged consumers from spending. However, the strong labor market prevented a larger recession. Investment activity also lost momentum, as high financing costs and uncertainty made investment projects less attractive. In addition, exports fell due to weak foreign demand, but imports fell even more, so the trade balance remained positive. However, developments across sectors and countries were uneven. Industrial production declined, construction only grew slightly, and growth in the services sector slowed. However, information and communication technology, and entertainment and other services continued to show healthy growth. Among countries, Germany performed the worst, with GDP falling by 0.3% in 2023, while the Spanish economy grew by 2.5%, mainly due to a recovery in tourism. Italy and France showed moderate growth.

The pace of the likely economic recovery will be determined by inflation and household consumption. The good news is that inflation is falling faster than forecast. The European Central Bank revised down its inflation forecasts in early March. However, services sector inflation has stagnated around 4% since November 2023, mainly due to still strong and only slowly slowing wage growth, which is particularly important in the labor-intensive services sector. This is probably the main reason why the ECB wants to see more data before discussing the timing of the first rate cut, which is expected at the earliest in June. For central bankers, the last leg of disinflation is the hardest: after the impact of high energy and food prices has faded, it is necessary to bring down more stubborn core inflation, in which wages and prices set by companies play a key role.

However, easing inflation (and thus higher real incomes) has not yet led to an unambiguously greater willingness to buy among consumers: retail sales stagnated in January, consumer confidence is currently sideways, and consumers' savings propensity remains high (Figure 2). These factors could suggest that the recovery in household spending will be delayed until later in the year. On the other hand, the recovery could also be somewhat stronger if some of these savings are later (when interest rates fall and uncertainty diminishes) spent by consumers to satisfy pent-up demand.

2023 was a year of ups and downs for the Hungarian economy. The year began with the economy entering a technical recession, defined as two consecutive quarters of GDP decline. This downturn was primarily driven by external shocks, including soaring energy prices, global supply chain disruptions, and the war in Ukraine. Foreign trade, however, provided some support to the economy, with exports growing by 2% and imports by 2.3% in 2023. Agriculture also performed well, offsetting the weakness in other sectors. The services sector presented a mixed picture, with the human health and social care sector expanding significantly, while other sectors underperformed. Industry performed poorly in 2023 due to rising energy prices and global supply chain disruptions. Investment also declined due to the high interest rate environment and fiscal challenges. Household consumption was eroded by inflation in 2023, as purchasing power diminished. In contrast, the labor market remained strong, with low unemployment and high wage growth.

Inflation rose significantly in 2023, placing a heavy burden on households and businesses. The Magyar Nemzeti Bank (MNB), Hungary's central bank, implemented interest rate hikes to curb inflation. The government's fiscal deficit widened in 2023 due to stagnating revenues and rising expenditures.

Hungary's economy grew by 0.9% in 2023 based on calendar-adjusted data, falling short of earlier expectations. The economic outlook for 2024 is mixed. Growth is expected to accelerate, but risks remain, including inflation, the global economic situation, and the war in Ukraine. The MNB is expected to continue raising interest rates in 2024 in its fight against inflation. Investment is expected to pick up in 2024, driven by growth in government investment and the influx of EU funds. Household consumption is expected to expand moderately in 2024, supported by rising real incomes and a strengthening labor market.

Overall, the Hungarian economy faced a challenging period in 2023, but the strong performance of foreign trade, agriculture, and the labor market provided some support. The outlook for 2024 is mixed, with the promise of accelerating growth but also persistent risks. Combating inflation and achieving sustainable growth will be key priorities for Hungarian economic policy in the coming year.

Global markets

While not matching the performance of US stocks, international equity markets also delivered strong returns in 2023. The MSCI EAFE Index, which tracks developed international markets, closed the year with an 18.2% gain. The gap between value and growth stocks was narrower internationally than in the US, and value stocks outperformed. The MSCI EAFE Value Index rose 19.0%, while the MSCI EAFE Growth Index gained 17.6%. The MSCI EAFE Index is value-oriented, as it lacks significant technology companies. The performance difference between US and international indexes was due to sectoral differences. Emerging market stocks rose 9.8%, but there was significant variation among countries. Chinese stocks declined 11.2%, while the Mexican and Brazilian markets had outstanding years, surging 40.36% and 32.69%, respectively. India, the second-largest country weight after China, gained 22.81%. Excluding Chinese stocks, emerging markets rose 20%. The MSCI All Country World Index ended the year with a 22.20% gain.

After several very tough years, bond markets may be experiencing a rebound at the end of 2023. Bond prices had fallen due to global tightening monetary policies, but central banks are signaling a change. The Bloomberg U.S. Aggregate Bond Index, which measures the performance of the US investment-grade bond market, rose 5.53%. While bonds were negative for most of the year, they experienced a significant rally in the last quarter of the year, driven by the Fed's pauses and expectations of rate cuts in 2024. Variable-rate notes gained 13.04%, while high-yield corporate bonds rose 13.45%. Investment-grade bonds also closed the year strong, with an 8.52% gain. International bond yields were also stable, with the Bloomberg Global Aggregate Bond Index rising 5.72%. Asian (mainly Japanese) bonds underperformed, while European bonds gained 10.95%. US short-term Treasuries yielded 5.14%. Due to the Fed's expected pivot, longer-term bonds could continue to outperform in 2024.

After a challenging 2022, disciplined, diversified investors achieved strong bond returns in 2023.

Expectations

CEEAAM Zrt. maintained its track record of profitability by closing 2023 with another profitable year. The company achieved positive results in 2023, surpassing the targets outlined in its business plan. This success can be attributed to the company's commitment to providing exceptional service to existing clients, offering customized products, and meeting investor demands.

It is important to note that the results for 2023 were also influenced by rising labor costs and challenging economic conditions. Therefore, the company does not anticipate exceeding the profit targets outlined in its business plan by a significant margin in the upcoming year.

In line with its strategy, CEEAAM will continue to focus on serving its existing client base by offering personalized products and services. Investment decisions will remain quick and well-considered, taking into account the risks involved and the potential returns. The company conducts a significant portion of its investments in the asset class of foreign currency-denominated bonds and offers its clients quick and cost-effective investment opportunities.

Overall, CEEAAM's successes in 2023 reflect the company's dedication to long-term growth and sustainable value creation. The company will continue to prioritize serving existing clients, providing customized products and services, and meeting investor demands. In addition to Hungarian and other Central European issuers' securities, CEEAAM will also pay increased attention to the securities of Western European banks, insurance companies, and corporations that offer higher-than-average returns.

For the 2023 financial year, the company has identified the following key risk factors that could impact its performance:

1. Tightening Monetary Policy and Elevated Interest Rates:

Central banks' high interest rates and stricter monetary policies could lead to liquidity tightening, potentially causing slower economic growth. Conversely, government fiscal policies focused on supporting growth could create inflationary pressures, potentially forcing central banks to adopt further tightening measures. This duality could increase the likelihood of liquidity shocks, potentially resulting in a prolonged economic recession and a global debt crisis.

2. Persistent Inflationary Pressures:

Persistently high energy prices, supply chain disruptions, and labor shortages could continue to fuel inflation. Failure to effectively curb inflation could lead to stagflation, characterized by stagnant economic growth and high inflation. Stagflation could have severe socioeconomic consequences, especially given historically high levels of government debt.

3. Geopolitical Tensions and Trade Wars:

Geopolitical tensions and trade wars could further deteriorate the global trade and investment environment. The formation of economic blocs and the slowdown of globalization could hinder economic growth and international cooperation. Global economic fragmentation could lead to widespread debt crises and waves of defaults.

4. Climate Change:

Climate change could have severe economic and social consequences, including extreme weather events, rising sea levels, and disruptions to agriculture and ecosystems. The transition to a low-carbon economy could also pose challenges, such as job losses and increased energy costs.

5. Cybersecurity Threats:

The increasing sophistication of cyber threats could cause significant disruptions to businesses and economies. Data breaches, ransomware attacks, and other cyberattacks could damage reputations, disrupt operations, and lead to substantial financial losses.

6. Escalation of Geopolitical Tensions:

Escalation of geopolitical tensions could lead to regional conflicts and humanitarian crises, causing widespread human suffering and economic damage. Disruptions to trade and investment flows, as well as increased military spending, could further strain global economies.

The company continuously monitors these risk factors and proactively adapts to the changing economic environment. The goal is to achieve sustainable growth and preserve value for investors despite the challenges.

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Risk Management

CEEAAM`s Risk Management Rules, Assessment Rules and Rules of Trading Book set out the principles and methods of the risk management of the company.

With the purpose of transparency and control and to identify and address operational risks, CEEAAM applies an Internal Auditor, a Risk Officer, Compliance Officer responsible and a Safeguarding Officer. In the organization of the Company, the internal audit and the functions of compliance officer and risk management are separated. The risk officer is responsible for monitoring and analyzing the different kind of risks, but the competent leaders are also involved in the preliminary identification of the risks. In addition to the in-process control, the personal control activities of the executives also represent a substantial part.

The Company measures and addresses operational risks and the changes in the market and the legal environment in accordance with the prevailing laws and regulations and as per its internal rules.

The remuneration package consists solely of the basic salary. To avert risk, no additional benefits are applied on the performance, thus the remuneration of the risk management and other control functions is independent of the performance of the fields controlled by them.

The company assigned the following capital requirements to the identified risks on the sheet date of 31.12.2023 (rounded to thousand HUF):

initial capital requirement:	57,417,000
total capital requirements on K-factor:	7,629,000

available solvency capital for risks:	217,091,000
- tier capital:	217,091,000
• share capital:	60,000,000
• retained earnings:	157,091,000
- reductions from tier:	0
Solvency surplus:	159,674,000

Human capital

The Board of Directors of the Company consisted of three members: Mr. Zsolt Székelyhidi, Mr. Andor Katzer and Ms. Emilia Garas. The Internal Audit department is managed by Dr. Gábor Márkus while Dr. Emma Mészáros is responsible for the compliance function.

Dividends

The Board of Directors proposes the payment of a dividend of HUF 75,000,000 after the 2023 financial year, to be charged to the company's profit and retained earnings. The still very high level of retained earnings enables the company to comply easier with the National Bank of Hungary's capital requirements in a difficult business year.

Auditor

CEEAAM is audited by KES Audit Kft for financial year 2023.

Other information required and proposed by the Act on Accounting

CEEAAM had no subsidiary and had not acquired any stake in other companies either, in the course of the last fiscal year.

After the balance sheet date, no significant event occurred in the Company's operation.
Due to its operation field and size, environmental protection does not have a material effect on the financial position of the Company.
The Company is not engaged in any R&D activity.

Budapest, 29 May 2024

Zsolt Székelyhidi

Andor Katzer

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Members of the Board of Directors

The Board of Directors of CEE Active Asset Management Ltd. consists of three representatives elected by the General Meeting. The members of the Board of Directors were last elected at the General Meeting for undetermined period of time.

Mr Zsolt Székelyhidi (Chairman)

Appointed: 16 December 2009

Mr Székelyhidi graduated from the Budapest Business School and also received a Bachelor of Business Studies degree of the University of Lincolnshire and Humberside. In 2002 he obtained the MSc degree of University of Pécs. Mr Székelyhidi started his career in 1999 at Central European International bank where he worked as an investment advisor responsible for domestic and foreign bond, equity and FX futures transactions of the clients of the bank. In 2007 he became member of the ACI Financial Markets Association. Mr Székelyhidi speaks English and German besides Hungarian. In 2009 he founded CEE Active Asset Management holding presently 50% of the shares of the company and representing it as a managing director.

Mr Andor Katzer

Appointed: 1 April 2010

Mr Katzer studied at the Budapest School of Economics and after successfully graduating he also earned a BA degree in Business Studies at the University of Lincolnshire and Humberside. In 2002 besides obtaining the MSc degree of University of Pécs he successfully finished the course of ELTE Institute of Post-graduate Legal Studies and received a Diploma in Legal Studies. From 1999 until 2009 Mr Katzer was working as an investment advisor at Central European International Bank (CIB) specialised in trading local and foreign assets on behalf clients of the bank. In 2007 he became member of the ACI Financial Markets Association. Two years later Mr Katzer was appointed Head of Treasury Sales at CIB where he managed a team responsible for the bank’s clients’ fixed income and foreign exchange transactions. Mr Katzer has a good command of English, German, Italian and French languages. In 2010 he became co-owner and managing director of CEEAAM Ltd holding 50% of the company’s shares presently.

Ms Emilia Garas

Appointed: 17 May 2017

Mr Garas graduated at the University of Economics in Budapest. Before joining to CEEAAM Ltd. Ms Garas filled different senior back office and settlement department positions at Hanwha Bank and OTP Garancia Insurance Ltd. She speaks English.

Members of the Supervisory Board

The Supervisory Board of CEE Active Asset Management Ltd. consists of three representatives elected by the General Meeting. The members of the Supervisory Board were last reelected at the General Meeting of 23 May 2016 for 5-year period of time.

Mr Gábor Nagy (Chairman)

Appointed: 01 April 2010

Mr Nagy is an economist who finished his studies at the Budapest University of Economics before graduating from the Budapest University of Technology and Economics (BME). Mr Nagy is co-owner and member of the management of Ramasoft Ltd, a company that is specialised in developing VAR based risk management software used by local banks and financial companies holding financial assets. Mr Nagy was previously member of the Board of Directors of CEEAAM Ltd.

Mr Norbert Narozsny

Appointed: 16 December 2009

After graduating from the Budapest Business School Mr Narozsny filled various management positions in the real estate industry working as an economist. In 2006 Mr Narozsny cofounded Nagro Investment Ltd. an enterprise that offers investment advice to real estate development companies. Mr Narozsny holds the position of CEO at Nagro Investment Ltd.

Dr László Földvári

Appointed: 16 December 2009

Dr Földvári, founder and head of the Földvári Law Firm, graduated "summa cum laude" in the Faculty of State and Legal Sciences of Eötvös Loránd University in 1994. After working as a trainee lawyer, he passed the bar exam, and started his practice as a private attorney-at-law registered at the Budapest Bar Association. In addition to the degree in law, he obtained a degree as an economist at the University Of Economic Sciences Of Budapest. He also graduated as a Specialist of European Law. Földvári Law Firm focuses on real property law, corporate law and the law of contracts. The company has also has extensive experiences in the field of Internet law, labour law and intellectual property law.

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BALANCE SHEET (IN THOUSAND HUF)	NOTES	2022	2023
I. Intangible Assets		*0*	*0*
3. concessions, licenses and similar rights		*0*	*0*
II. Property and equipment		*106 205*	*103 763*
1. land and buildings and rights to immovables		*104 804*	*102 613*
3. other equipment, accessories, vehicles		*1 401*	*1 150*
6. advance payments for investments		*0*	*0*
III. Financial investments		-	-
A. Fixed Assets		**106 205**	**103 763**
I. Inventories		-	-
II. Receivables		*2 543*	*2 543*
1. trade receivables		*0*	*0*
10. other receivables		*2 543*	*1 442*
III. Securities		*0*	*0*
4. Other Securities		*0*	*0*
IV. Cash and Cash equivalents		*1 961 444*	*624 293*
2. Bank desposits		*1 961 444*	*624 293*
B. Current assets		**1 963 987**	**625 735**
C. Accrued and deferred assets		**3 484**	**4 369**
TOTAL ASSETS		**2 073 676**	**733 867**
I. Share capital		*60 000*	*60 000*
II. Share capital unpaid		-	-
III. Capital reserve		-	-
IV. Retained earnings		*146 887*	*151 773*
V. Tied-up reserve		-	-
VI. Revaluation reserve		-	-
VII. General reserve		-	-
VIII. Profit or loss for the year		*4 886*	*5 318*
D. Shareholders' equity		**211 773**	**217 091**
E. Provisions		**0**	**0**
I. Subordinated liabilities		-	-
II. Long-term liabilities		-	-
III. Current liabilities		*1 858 624*	*513 316*
4. Accounts payable		*5 304*	*6 491*
5. Liabilities to customers		*1 850 588*	*501 960*
12. Other short term liabilities		*2 732*	*4 865*
F. Liabilities		**1 858 624**	**513 316**
G. Accrued and deferred liabilities		**3 279**	**3 460**
TOTAL LIABILITIES		**2 073 676**	**733 867**

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Statement of Operations (in thousand HUF)	Notes	2022	2023
Commission		*82 278*	*102 314*
Gains on securities traded on prop. account		-	-
Corporate finance activities		-	-
Custodianship, safe-keeping and portfolio management activities		*0*	*0*
Other income		*978*	*1 861*
1. Revenue		**83 256**	**104 175**
Commission expenses		*-7 174*	*-6 372*
Losses on securities traded on prop. account		-	-
Expenses of corporate finance activities		-	-
Expenses of custodianship, safe-keeping and portfolio management activities		-	-
Other expenses		*-10 095*	*-13 933*
2. Expenses		**-17 269**	**-20 305**

Profit and Loss account (in thousand HUF)	Notes	2022	2023
Income from investment service activity		*82 278*	*102 314*
Expenses on investment service activity		*-17 269*	*-20 305*
I. Profit or loss of investment service activity		**65 987**	**83 870**
II. Other income		**0**	**0**
III. Profit or loss of non investment service activity		-	-
IV. Own performance capitalised		-	-
V. Material cost		**-47 398**	**-53 772**
VI. Staff costs		**-22 332**	**-27 065**
VII. Depreciation		**-2 804**	**-2 838**
VIII. Other operating charges		**-2 055**	**-2 450**
IX. Expenses of non investment service activity		-	-
A. Income from operations		**-8 602**	**-2 413**
X. Non distributing financial activity income		**15 977**	**10 695**
XI. Non distributing financial activity expenses		**-264**	**-253**
B. Profit or loss from financial transactions		**15 709**	**10 442**
C. Profit before income tax (A+B)		**7 107**	**8 029**
XII. Income tax payable		**2 221**	**2 711**
D. Profit after taxes (C-XII)		**4 886**	**5 318**
XV. Retained earnings and reserves		-	-
G. Profit or loss for the year		**4 886**	**5 318**

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CASH-FLOW STATEMENT (IN THOUSAND HUF)	NOTES	2022	2023
Profit before income tax		*14 426*	*8 029*
Corrections in profit before income tax		*-7 627*	*-359*
Corrected profit before income tax		***6 799***	***7 670***
Amortization		*3 208*	*2 838*
Accounted amortization and write-back		-	-
Difference between provisions made for liabilities and actual use		-	-
Gains and losses on sale of invented assets		-	-
Change in account payable		*-2 229*	*-1 187*
Change in other short term liabilities		*468 727*	*-1 346 495*
Change in passive provisions made		*-733*	181
Change in accounts receivable		*390*	*0*
Net change in current assets		*-82*	*1 101*
Change in active provisions made		*-385*	*-885*
Tax paid		*-2 211*	*-2 711*
Dividends paid		-	-
I. Net Cash flow from operating activities		**473 484**	**-1 337 114**
Purchase of financial investments		*-5 308*	*-396*
Proceeds from sale of financial investments		-	-
Dividends received		-	-
II. Net Cash flow from investment activities		**-5 308**	**-396**
Proceeds from issuance of stocks		**-**	**-**
Proceeds from issuance of financial investments		**-**	**-**
Credits and loans received		-	-
Repayment, elimination of long-term loans, bank deposits		-	-
Liquid assets definitely		-	-
Retirement of stocks, withdrawal of capital		-	-
Repayment of bonds and securities representing credit		-	-
Repayment of credits and loans		-	-
Long term loans and bank deposits		-	-
Liquid assets transferred definately		-	-
Changes in liabilities to founders and long-term liabilities		-	-
III. Net Cash flow from financing activities		**0**	**0**
Cash and Cash equivalents as at 1.JAN		1 151 206	1 961 444
Cash and Cash equivalents as at 31.DEC		*1 627 009*	*624 293*
IV. Net increase/decrease in cash		**475 803**	**- 1 337 151**

Notes to the financial reports

Company data

Name fo the company:	CEE Active Asset Management Ltd.
Address:	1/B. Törpe str. Budapest H-1124 Hungary
Registered office:	1/B. Törpe str. Budapest H-1124 Hungary
Date of founding:	16.12.2009 (registered: 30.12.2009)
Court registration number:	01-10-046560
Tax Identification number:	11714910-2-43
HFSA license number:	EN-III/63/2010
Main bank account number:	10702019-65686654-51100005

Ownership structure: Company founders / owners / changes in share capital

Owners:	Shares held:
Andor Katzer	3.000 pcs (50%)
Zsolt Székelyhidi	3.000 pcs (50%)

The annual report was prepared by:	Andrea Volár / registered accountant
Registration number:	164497

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Accounting policy

The company maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary. The company's functional currency is the Hungarian Forint (HUF).

Form of report:	Annual report
Form of Balance Sheet	„A" type Balance Sheet
Form of Profit or Loss account	„A" type – with expenditure (total cost) method
Date of Balance Sheet	December 31
Date of preparation of Balance Sheet	May 31 (following year)

Significant accounting policies

The company has prepared its accounting policies and accounting system in line with current regulations in order to show real picture on its profitablity capabilities, capital, current and future financial status published in the annual report.

The company uses double book keeping system, preparing balance sheet and profit and loss account as well.

Main evaluation principles

- Invested financial assets are registered at historical value in the books
- Liabilities are registered at historical value in the books
- Depreciation is written down on bad debts by the extent of expected loss
- Securities bought for sale are registered at historical value in the books
- Securities bought for sale are valued by FIFO method
- Liabilities are recorded at book value in the balance sheet

Financial condition

Assets of the company

Description	2022		2023	
	Amount (thousand HUF)	Share %	Amount (thousand HUF)	Share %
Fixed assets	106 205	5.12	103 763	14.14
Inventories	0	0.0	0	0.0
Receivables	2 543	0.12	1 442	0.2
Securities	0	-	0	-
Liquid assets	1 961 444	94.58	624 293	85.07
Accrued incomes and deferred charges	3 484	0.17	4 369	0.6
TOTAL ASSETS	2 073 676	100.00	733 867	100.00

Liabilities of the company

Description	2022		2023	
	Amount (thousand HUF)	Share %	Amount (thousand HUF)	Share %
Capital and reserves	211 773	10.21	217 091	29.53
Provisions	0	-	0	-
Long term liabilities	0	-	0	-
Short term liabilities	1 858 624	89.63	513 316	69.95
Accrued incomes and prepaid charges	3 279	0.16	3 460	0.47
TOTAL ASSETS	2 073 676	100.00	733 867	100.00

The main indicators of the business activity in 2023 (in tsd HUF):

		31.12.2022		**31.12.2023**	
Equity ratio	Owner's equity / Total assets x100	211,773 / 2,073,676 =	10.21%	217,091 / 733 867	= 29.58%
Ratio of equity and share capital	Equity / Share capital x100	211 773 / 60,000 =	352.96%	217 091 / 60,000	= 361.82%
Current ratio I.	Current assets / Short term liabilities	1,963 987 / 1 858 624 =	1.06	625 735 / 513 316 =	1.22
Current ratio III.	Cash and cash equiv. / Short term liabilities	1 961 444 / 1 858 624 =	1.06	624 293 / 513 316 =	1.22
Return on equity (ROE)	Net income / Equity x100	-8 602 / 211 773 =	-4.06%	-2 413 / 217 091 =	-1.11%
Return on asset (ROA)	Net income / Total assets x100	- 8 602 / 106 205 =	-8.10%	-2 413 / 103 763 =	-2.33%

Budapest, 29 May 2024

Zsolt Székelyhidi / Andor Katzer